08A-3906-64 # 1353

REPLY TO: Auditor General Representative (APL) P. O. Box 8155 S. W. Station Washington, D. C.

31 August 1964

SUBJECT:	Report on Final Audit of CPFF Subcontract	
SOM BUT:	Marmoo Research and Development	
	A Division of Whittaker Corporation	
	A DIVISION OF WHITEMARE, SURPERSON	
	San Diego, California	STAT
	Subcontract No. 009 Issued by	JIAI
	Contracting Officer	
	In accordance with a request from ., an examination has of costs under the subject subcontract to the extent deemed ite. The period of performance was from 14 February 1963 through 1963.	STAT
Related o	The results of the examination are shown on Exhibit A attached. comments thereto are contained in the following paragraphs.	
	The overhead and G&A rates used by the auditor, 119% and 30% vely, are those recommended by the cognizent audit agency (army vely, are those recommended by the cognizent audit agency (army vely, are those are negotiated.	r
respectit	was smith such time as the lister feat 170) through the modern	•
A		STAT
these rat	tes appear reasonable for use as final rates on this subcontract.	
h	Included in the material costs is a charge for a variable speed	
	RAATEAA WE 44 PAA AMAGINT AT BEEFE	STAT
	- AL ANTION OF WHILE THE RESIDENCE OF THE PROPERTY OF THE PROP	
being us	erial cost and has excluded it from the application of GAA and	
from mat	erial cost and instant to a determination by	STAT
profit.	This is subject to a determination by as to whether the of this item was approved in accordance with the terms of the	017(1
purchase subcontr	of this item was approved in accordance view the sect.	
_	The amount of \$87.57 for travel expense questioned by the auditor,	
5.	The amount of \$0(.) for travel expense questions fare costs in its the difference between "first-class" and "cosch" fare costs in	
represen	the the dillerence between titles atotal policy that personnel are	
April 19	63. It is the subcontractor's stated policy that personnel are	
to trave	b) by something less than first-class. When this matter was dis-	STAT
	At a consider with the embeastractor a representative)	
h	by the auditor with the privacy of first-class travel in	

4.1

order to review their documents en route. Such a practice if actually followed would appear to represent a breach of security requirements.

6. The GMA expense questioned by the auditor comprises the following:

Applicable to travel expense questioned	\$26.2 7
Applicable to government property	51.00 98.64
Portion applicable to rate adjustment Total	1175.91

7. The results of audit were discussed with ______on 20 August 1964. His reaction with respect to overhead and GMA expense rates is stated in paragraph 3. He reserved opinion on the travel expense questioned and the item of government property reclassified.

Anditor General Representative (APL)

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Approved For Release 2008/12/11 : CIA-RDP67B00074R000500390003-8

Approved For Release 2008/12/11 : CIA-RDP67B00074R000500390003-8 Initials Date

Prepared By

CONTRACTOR'S RELEASE

Contract NO.AF33(600)-40274, Task 13

Pursuant to the terms of Contract No AF33(600)-40274,T13 and in consideration of the sum of the Hundred Fourteen Thousand, SIX Hundred Forty-Eight Dollars and Minety-Four cents - - - - Dollars (\$14,648.94) which has been or is to be paid under the said contract to STAT (STATE inafter called the Contractor) or to its assignees, if any, the Contractor, upon payment of the said sum by the UNITED STATES OF AMERICA (hereinafter

inafter called the Contractor) or to its assigness, if any, the Contractor, upon payment of the said sum by the UNITED STATES OF AMERICA (hereinafter called the Government), does remise, release, and discharge the Government, its officers, agents, and employees, of and from all liabilities, obligations, claims and demand whatsoever under or arising from the said contract, except:

- 1. Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor, as follows:
- 2. Claims, together with reasonable expenses incidental thereto, based upon the liabilities of the Contractor to third parties arising out of the performance of the said contract, which are not known to the Contractor on the date of the execution of this release and of which the Contractor gives notice in writing to the Contracting Officer within the period specified in the said contract.
- 3. Claims for reimbursement of costs (other than expenses of the Contractor by reason of its indemnification of the Government against patent liability), including reasonable expense incidental thereto, incurred by the Contractor under the provisions of the said contract relating to patents.

The Contractor agrees, in connection with patent matters and with claims which are not released as set forth above, that it will comply with all of the provisions of the said contract, including without limitation those provisions relating to notification to the Contracting Officer and relating to the defense or prosecution of litigation.

IN WITNESS WHEREOF, this release has been executed this 17 day of February 1964.	UII
day of February 1964	STAT
witnesses	
By	
Title	
(MOTE: In the case of a corporation, witnesses are not required that the certificate below must be completed.)	ed,
	STAT
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CONTRACTOR A AGGICANTEST OF REFUNDS, RABATES, AND CREDITS

Contract No.AF33(600)-40274, Task 13

Pursuant to the trains of Contract No.AF33(600)-40274,T13 and in consideration of the reimbursement of costs and payment of fee. as provided in the said contract and any assignment thereunder the STAT (hareliaft SiASTAT

called the Contractor, once nerroy:

- 1. Assign, transfer, set over and release to the UNITED STATES OF AMERICA (hereinafter called the Government), all right, title and interest to all refunds, rebates, credits or other amounts (including any interest thereon) arising out of the performance of the said contract, together with all the rights of action accrued or which may hereafter accrue thereunder.
- Agree to take whatever action may be necessary to effect prompt collection of all refinds, setates, credits or other amounts (including eny interest thereon) the cr thich may become due, and to promptly forward to the Contracting Officer, checks made payable to the Treasurer of the United States) for any proceeds so collected. The reasonable cost of any such action to effect collection shall constitute sllowable costs when approved by the Contracting Officer as stated in the said contract and may be applied to reduce tary amounts otherwise payable to the Government under the terms hereof.
- Agree to cooperate fully with the Government as to any claim or suit in connection with refunds, repares, credits or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney or other papers in connection therewith; and to permit the Government to represent the at any hearing, trial or other pro-

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